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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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EXAMINER	
GILLIGAN, CHRISTOPHER L	
ART UNIT	**PAPER NUMBER**
3626	

DATE MAILED: 08/26/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/812,704	LEWIS ET AL.	
	Examiner	Art Unit	
	Luke Gilligan	3626	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *14 May 2004*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-56* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-56* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

Response to Amendment

1. In the amendment filed 5/14/04, the following has occurred: claims 1, 13, 25, 37, and 46 have been amended. Now, claims 1-56 are presented for examination.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

3. Claims 37 and 46-49 are rejected under 35 U.S.C. 103(a) as being unpatentable over Freeman, Jr. et al., U.S. Patent No. 6,012,035 in view of Dang, U.S. Patent No. 6,370,511.

4. As per claim 37, Freeman teaches a healthcare management optimization system for a healthcare practice including a plurality of physicians participating in an insurance network comprising: a first database comprising medical procedures performed by the plurality of physicians to thereby define medical procedures that are preferred by the insurance network (see column 2, lines 54-64 and column 6, lines 35-41); a second database comprising medical costs attributed to medical procedures performed by the plurality of physicians participating in the insurance network (see column 2, lines 54-64 and column 6, lines 35-41); an analyzer in communication with the first and second databases for analyzing the data in the first and second databases and comparing the medical procedures that are preferred by the insurance network with the medical costs of the plurality of physicians participating in the insurance network to identify medical costs of the physicians that are not preferred by the insurance network (see column 9, line 16 – column 10, line 5); and managing means responsive to the analyzer for managing the medical costs identified as not being preferred by the insurance

network of the healthcare practice to thereby modify the medical costs of the physicians in the healthcare practice to be more profitable to the insurance network (see column 9, line 16 – column 10, line 5).

5. Freeman does not explicitly teach monitoring and analyzing ancillary medical procedures and costs as defined by the claim. However, Dang teaches a healthcare management optimization system that includes the elements of monitoring and analyzing ancillary medical procedures by comparing data regarding providers' management of ancillary medical costs with established cost norms (see column 10, line 61 – column 11, line 18). It would have been obvious to one of ordinary skill in the art of healthcare management at the time of the invention to incorporate this data gathering and analysis technique into the system of Freeman. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of lowering overall prescription costs to benefit the cooperative (see column 4, lines 30-37).

6. As per claim 46, Freeman teaches a healthcare management optimization system for a healthcare practice including a plurality of physicians participating in an insurance network comprising: a server having at least one database (see figures 1 and 2); a communications network positioned to be in communication with the server (see figures 1 and 2); a plurality of computers positioned to be in communication with the communications network, each including a user interface responsive to a user (see figures 1and 2); an updater positioned on the server and responsive to the user interface updating each of the plurality of physicians in the healthcare practice of any changes in the management of medical costs (see column 6, lines 1-14; also see Addendum Step 6); and recommending means positioned on the server and responsive to the user interface for recommending to each of the plurality of physicians alternative medical procedures that are preferred by the insurance network (see column 9, lines 16-21).

7. Freeman does not explicitly teach monitoring and analyzing ancillary medical procedures and costs as defined by the claim. However, Dang teaches a healthcare management optimization system that includes the elements of monitoring and analyzing ancillary medical procedures by comparing data regarding providers' management of ancillary medical costs with established cost norms (see column 10, line 61 – column 11, line 18). It would have been obvious to one of ordinary skill in the art of healthcare management at the time of the invention to incorporate this data gathering and analysis technique into the system of Freeman. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of lowering overall prescription costs to benefit the cooperative (see column 4, lines 30-37).

8. As per claim 47, Freeman in view of Dang teach the system of claim 47 as described above. Freeman further teaches the at least one database comprises a first and second database, the first database including medical procedures that are more preferred by the insurance network and wherein the second database includes medical costs of each of the plurality of physicians participating in the insurance network (see column 9, line 16 – column 10, line 5). Freeman does not explicitly teach ancillary medical procedures and costs as defined. However Dang teaches such an element as described above with respect to claim 46. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate this element into the system of Freeman for the reasons given above with respect to claim 46.

9. As per claim 48, Freeman in view of Dang teach the system of claim 47 as described above. Freeman further teaches an analyzer in communication with the first and second databases for analyzing the data in the first and second databases and comparing the medical procedures that are preferred by the insurance network with the medical costs of the plurality of physicians participating in the insurance network to thereby identify medical costs of the

physicians that are not preferred by the insurance network (see column 9, line 16 – column 10, line 5). Freeman does not explicitly teach ancillary medical procedures and costs as defined. However Dang teaches such an element as described above with respect to claim 46. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate this element into the system of Freeman for the reasons given above with respect to claim 46.

10. As per claim 49, Freeman teaches the system of claim 48 as described above, further comprising managing means responsive to the analyzer for managing the medical costs of the healthcare practice identified as not being preferred by the insurance network to thereby modify the medical costs of the physicians in the healthcare practice to be more profitable to the insurance network (see column 9, line 16 – column 10, line 5).

11. Claims 1-36, 38-45, and 50-56 are rejected under 35 U.S.C. 103(a) as being unpatentable over Freeman, Jr. et al., U.S. Patent No. 6,012,035 in view of Dang, U.S. Patent No. 6,370,511 and further in view of Young and McCarthy, **Aligning physician financial incentives in a mixed-payment environment** (hereinafter Young).

12. As per claim 1, As per claim 1, Freeman teaches a method of managing a healthcare practice participating in an insurance network to enhance profitability of the healthcare practice with respect to a predetermined reimbursement amount for pharmacy costs, the method comprising: gathering data from each of a plurality of physicians in the healthcare practice participating in the insurance network regarding management of medical costs (see column 3, lines 10-15); identifying at least one of the plurality of physicians in the healthcare practice participating in the insurance network that prescribes medications that don't follow requirements of the insurance network (see column 9, lines 17-21 and column 10, lines 2-5).

13. Freeman does not explicitly teach gathering data regarding ancillary medical procedures and costs as defined by the claim. However, Dang teaches a healthcare management optimization system that includes the elements of monitoring and analyzing ancillary medical procedures by comparing data regarding providers' management of ancillary medical costs with established cost norms (see column 10, line 61 – column 11, line 18). It would have been obvious to one of ordinary skill in the art of healthcare management at the time of the invention to incorporate this data gathering and analysis technique into the system of Freeman. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose of lowering overall prescription costs to benefit the cooperative (see column 4, lines 30-37).

14. Additionally, Freeman does not explicitly teach identifying physicians at a greater risk of not receiving the predetermined reimbursement amount for the pharmacy costs from the insurance network and modifying the physicians management behavior to reduce the risk of not receiving the reimbursement amount. However, Young teaches a physician compensation model that includes identifying physicians at a greater risk of not receiving a predetermined reimbursement amount for patient utilization from an insurance network and modifying the physicians management behavior to reduce the risk of not receiving the reimbursement amount (see paragraphs 1 and 2). It would have been obvious to one of ordinary skill in the art of healthcare management at the time of the invention to incorporate the steps of identifying and modifying physician behavior as described by Young into the invention of Freeman. One of ordinary skill in the art would have been motivated to enhance the invention of Freeman as such for the purpose of lowering overall prescription costs to benefit the cooperative (see column 4, lines 30-37).

15. As per claim 2, Freeman in view of Dang and Young teach the method of claim 1 as described above. Freeman further teaches gathering information regarding the medical costs of

each of the plurality of physicians in the healthcare practice participating in the insurance network from a database associated with a pharmacy network, the database positioned on a server in communication with each of a plurality of pharmacies in the pharmacy network participating in the insurance network (see column 6, lines 35-41). Freeman does not explicitly teach ancillary medical procedures and costs as defined. However Dang teaches such an element as described above with respect to claim 1. Therefore, it would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate this element into the system of Freeman for the reasons given above with respect to claim 1.

16. As per claim 3, Freeman in view of Dang and Young teach the method of claim 1 as described above. Freeman does not explicitly teach analyzing ancillary pharmacy costs as described. However, Dang further teaches calculating an average ancillary pharmacy cost per physician for healthcare practices, and identifying the physicians that have ancillary pharmacy costs that are a predetermined percentage greater than the average pharmacy costs per physician for the healthcare practice (see column 10, line 61 – column 11, line 18). It would have been obvious to one of ordinary skill in the art of healthcare management at the time of the invention to incorporate this feature into the system of Freeman for the reasons given above with respect to claim 1.

17. As per claim 4, Freeman in view of Dang and Young teach the method of claim 1 as described above. Freeman does not explicitly teach identifying at least one physician having the highest pharmacy costs within the healthcare practice. However, Dang further teaches identifying at least one physician having the highest pharmacy costs within the healthcare practice (see column 10, line 61 – column 11, line 18). It would have been obvious to one of ordinary skill in the art of healthcare management at the time of the invention to incorporate this feature into the system of Freeman for the reasons given above with respect to claim 1.

18. As per claim 5, Freeman in view of Dang and Young teach the method of claim 1 as described above. Freeman does not explicitly teach modifying the physicians management behavior using education of benefits of alternative prescription medication. However, Dang further teaches educating physicians as to alternative medications to the prescribed medications and organizing continued medical education to educate each physician in the healthcare practice on the benefits of the alternative prescription medications (see column 1, line 53 – column 2, line 8). It would have been obvious to one of ordinary skill in the art of healthcare management at the time of the invention to incorporate this feature into the system of Freeman for the reasons given above with respect to claim 1.

19. As per claim 6, Freeman in view of Dang and Young teach the method of claim 1 as described above. Freeman does not explicitly teach preparing a list of prescription medications that the at least one physician may prescribe that enable a physician to receive the predetermined reimbursement amount for the ancillary pharmacy costs. Young further teaches preparing a list of prescription medications that the at least one physician may prescribe that enable a physician to receive the predetermined reimbursement amount for the ancillary pharmacy costs (see paragraph 10). It would have been obvious to one of ordinary skill in the art of healthcare management at the time of the invention to incorporate this feature into the system of Freeman for the reasons given above with respect to claim 1.

20. As per claim 7, Freeman in view of Dang and Young teach the method of claim 6 as described above. Freeman does not explicitly teach modifying a physician's management behavior by providing custom prescription medication forms for the physician. Young discloses the step of modifying at least one physician's management behavior further comprises providing custom prescription medications forms that include prescription medications that the at least one physician may prescribe that enable a physician to receive the predetermined

reimbursement amount for the pharmacy costs (see paragraph 10). It would have been obvious to one of ordinary skill in the art of healthcare management at the time of the invention to combine this teaching of Young with the invention of Freeman for the reasons given above with respect to claim 1.

21. As per claim 8, Freeman in view of Dang and Young teach the method of claim 6 as described above. Freeman does not explicitly teach preparing a list of common prescription medications that are approved by each of a plurality of insurance networks so as to enable the at least one physician to receive the predetermined reimbursement amount for ancillary pharmacy costs. Young further teaches preparing a list of common prescription medications that are approved by each of a plurality of insurance networks so as to enable the at least one physician to receive the predetermined reimbursement amount for ancillary pharmacy costs (see paragraph 10, it is assumed that any associated insurance network policies would be incorporated into these plans). It would have been obvious to one of ordinary skill in the art of healthcare management at the time of the invention to combine this teaching of Young with the invention of Freeman for the reasons given above with respect to claim 1.

22. As per claim 9, Freeman in view of Dang and Young teach the method of claim 7 as described above. Freeman further teaches analyzing a patient's prescription history to thereby avoid possible adverse prescription medication reactions (see column 8, lines 54-67).

23. As per claim 10, Freeman in view of Young and Dang teach the method of claim 9 as described above. Freeman does not explicitly teach identifying at least one patient whose present prescription medications put the at least one physician at risk for not receiving the predetermined reimbursement and amending and discontinuing the at least one patient's prescription medications that put the physician at risk for not receiving the predetermined reimbursement. Young teaches identifying at least one patient whose present prescription

medications put the at least one physician at risk for not receiving the predetermined reimbursement and amending and discontinuing the at least one patient's prescription medications that put the physician at risk for not receiving the predetermined reimbursement (see paragraphs 10 and 11). It would have been obvious to one of ordinary skill in the art of healthcare management at the time of the invention to combine this teaching of Young with the invention of Freeman for the reasons given above with respect to claim 1.

24. As per claim 11, Freeman in view of Dang and Young teach the method of claim 10 as described above. Young further teaches mailing a first and second letter on a physician's letterhead informing the pharmacy and patient that the patient's present prescription medication is discontinued (see paragraphs 6 and 7, it is assumed that this is a standard procedure for discontinuing a course of medication).

25. As per claim 12, Freeman in view of Dang and Young teach the method of claim 1 as described above. Freeman further teaches updating each of the plurality of physicians in the healthcare practice of any changes in the management of pharmacy costs from the insurance network (see column 5, lines 58 – column 6, line 7).

26. Claims 13-23 contain substantially similar limitations for managing ancillary medical costs as claims 1-8 and 10-12 and, as such, are rejected for similar reasons as given above.

27. As per claim 24, Freeman in view of Dang and Young teach the method of claim 20 as described above. Freeman further teaches the ancillary medical costs include any costs taken from the group listed in claim 36 (see column 8, lines 44-53).

28. Claims 25-35 contain substantially similar limitations for managing ancillary medical costs as claims 1-8 and 10-12 and, as such, are rejected for similar reasons as given above.

29. As per claim 36, Freeman in view of Dang and Young teach the method of claim 35 as described above. Freeman further teaches the ancillary medical costs include any costs taken from the group listed in claim 36 (see column 8, lines 44-53).

30. Claims 38-44 contain substantially similar additional system limitations as claims 1-8 and 10-12 and, as such, are rejected for similar reasons as given above.

31. As per claim 45, Freeman in view of Dang and Young teach the system of claim 44 as described above. Freeman further teaches the ancillary medical costs include any costs taken from the group listed in claim 36 (see column 8, lines 44-53).

32. Claims 50-56 contain substantially similar additional system limitations as claims 1, 3, 5-7 and 10 and, as such, are rejected for similar reasons as given above.

33. As per claim 56, Freeman in view of Dang and Young teach the system of claim 54 as described above. Freeman further teaches the ancillary medical costs include any costs taken from the group listed in claim 36 (see column 8, lines 44-53).

Response to Arguments

34. In the remarks filed 5/14/04, Applicants argue in substance, that (1) none of the applied prior art teaches the ancillary medical costs and procedures as now defined by the claims; and (2) there is no suggestion to combine the teachings of Freeman with those of Segal and Glass.

35. In response to Applicants' arguments, the Examiner respectfully submits that a new grounds of rejection have been applied in view of the amendments to the claims. The new grounds of rejection detailed above render Applicants' arguments moot. Therefore, these arguments are not found to be persuasive.

Conclusion

36. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

37. A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

38. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Luke Gilligan whose telephone number is (703) 308-6104. The examiner can normally be reached on Monday-Friday 8am-5:30pm.

39. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas can be reached on (703) 305-9588. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

40. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

CLG
08/22/04

ALEXANDER KALINOWSKI
PRIMARY EXAMINER